Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/05 16:15

{PollDaddy id=1600929}

President Obama yesterday spelled out his plan to pretty much do away with the tax deferral provision for companies with overseas subs. If passed as written, the closing of the tax loophole could do serious damage to the earnings of tech companies.

While I commend the President for his efforts to make the tax code more equitable, seems like the proposal may do more harm than good. Obviously, tech companies like Microsoft, Cisco, Oracle and IBM have sizeable overseas operations, employing lots of locals. If these companies have to repatriate their earnings--at the U.S. corp. tax rate--it could make them less competitive with their overseas rivals.

Indeed, the hit to after-tax earnings could force these tech businesses to hold the line on hiring, R&D, etc. It could also cost jobs here in the U.S., since some tech companies hire workers in the U.S. to support these overseas operations.

Sure, the tax system should be fair. But if it ends up costing American jobs, is it worth it?

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Re:Obama\'s tax proposal: death on tech?

Posted by MQuinn - 2009/05/05 17:25

There has been much debate over what kind of stimulus the measure that allowed the repatriation of cash from foreign subs at a lower tax rate that was part of the American Jobs Creation Act of 2004 had on the economy. Many have argued that companies used that cash to pay down debt or goose their stock price by buying back shares and not creating jobs as intended. But in that debate I haven't heard it argued that jobs would have been created if companies paid a higher effective tax rate. And right now, our focus should be on job creation.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/06 14:23

I don't see it.

Right now, a company can create a tax haven in the Caymans. It loans money to its U.S. subsidiary. It pays no U.S. taxes on the profits because they're used to repay the loan. It's a shell game that moves profits out of the country where they aren't taxed and can't be used to create U.S. jobs.

Since the moment the company in question "repatriates" the profits it owes tax on them, the money will never enter the U.S. and will never create any jobs here. Maybe it will create jobs in the Caymans; maybe it will be used indirectly to pay dividends to investors.

All in all, I'd rather close the loopholes that allow this sort of thing. Doing so would actually eliminate the financial penalty companies now pay if they leave their profits here, which I'd think would mean more U.S. jobs rather than less.

And even if the only impact is to tax the profits, this would have a salutary effect on the deficit.

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Re:Obama\'s tax proposal: death on tech?

Posted by MQuinn - 2009/05/06 15:10

This proposal runs a lot deeper than Cayman Island tax havens. If that's all it was, I would completely agree with you. I'm all for eliminating the outright tax evader.

It will make overseas operations - even the legitimate ones - more expensive. The fact is, many of the jobs are there because they need to be there. The market they're selling to is there. I just don't see those jobs coming home, but I could see some of them being lost.

If the changes are all in the name of raising tax revenue, I think it should be presented that way. The argument for job creation just isn't all that apparent.

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/06 16:47

RDL -- You make a good point. I do believe that closing these kind of loopholes, in general, is the right way to go. But as MQuinn noted, a lot of these companies have legit operations in these so-called tax havens (Ireland, for example). So if they have to pay local taxes, plus U.S. taxes, they may opt to simply shut down the overseas operations.

Going to be very interesting how the tech sector--and their associated trade groups and lobbyists--attempt to whittle down this legislation.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/06 17:56

As is always the case, the devil will be in the details. There's a difference between closing loopholes that result in companies avoiding all taxes and taxing them twice on the same income.

Maybe I'm just overly suspicious. Over the years I've watched American business cry wolf over all sorts of matters (back in the '70s, for example, the energy industry overestimated the cost of pollution controls by roughly 1000%) ... and in our own industry we all know the SPA more or less invents its "how much software piracy costs the industry" numbers.

So the sky-is-falling concerns I'm hearing on this issue just don't worry me very much.

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Re:Obama\'s tax proposal: death on tech?

Posted by Hogan - 2009/05/06 23:14

American Firms will pay the lowest price to outsourcing companies, American or other.

I dont see any jobs going back to the US based on Tax reforms alone. Unless he enhances the reforms with an Export Tax or other motivator to keep the jobs local.

Many companies fall outside of this category and he is justified in raising the revenues.

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Re:Obama\'s tax proposal: death on tech?

Posted by Bill Gerneglia - 2009/05/07 08:31

Obama is following through on one of his campaign promises - to redistribute wealth in this country through taxation of wealthy individuals and corporations. The real problem with this plan lies in the definition of wealthy - for an individual or married couple that number is $250,000 - an arbitrary amount that does not make one feel too wealthy if they live in the NY Metro or California area..

Leave our multinational corporations alone - especially tech companies - we need them to thrive to be able compete longterm..

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/07 09:29

One possible compromise: offer a reduced tax rate to repatriate profits. This was considered a few years back, but then a study showed that it didn't actually create additional jobs in the U.S. and that killed it.

It's also possible the Administration is sandbagging on this. They may know they'll never ram through a law that eliminates the tax deferral provision entirely. But by starting out with that stated goal, they may end up with a compromise bill that still boosts tax revenues considerably. Currently, U.S. companies pay about 2% on their overseas earnings. If Obama can get that rate up to, say 10%, it would bring in billions in additional revenue. And that rate might still be low enough to keep U.S. businesses from shuttering their global operations.

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2009/05/07 09:56

RedConn, forget compromise. If you look at this administrations continued direction toward regulation and taxation of American wealth, you begin to see a pattern of a massive redistribution of wealth in America. It is not coming from capitalistic values, but rather government intervention into basic economics. See for example the story today on this site: FTC Signals Tougher Stance with Apple-Google Inquiry (http://www.ciozone.com/index.php/Government-IT/FTC-Signals-Tougher-Stance-with-Apple-Google-Inquiry.html#akocomment1296)
There is already a pattern of putting into play their agenda. If the administration wants to do it, they will. This is how they plan to pay for all of the TARP money, bailout funding, and stimulus package. Taxation / Regulation and if the people don't like losing their jobs - tough! Look at the recent layoffs even in companies who have major resources to draw on. Such companies can see the writing on the wall. I'm not making this stuff up.

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Re:Obama\'s tax proposal: death on tech?

Posted by tantivy - 2009/05/07 16:49

Over at Salon, Robert Reich says the proposal may be tied to health care rather than job creation, as a bargaining chip to get companies to sign on, or, as others here have suggested, as a source of revenue to help pay for it in light of the deficit.

Also, the May issue of the International Journal of Taxation reports that member countries at the latest G20 meeting promised some major steps to coordinate their tax policies. That may make it easier to get this done in so far as it eliminates double taxation. Operative word there is "may," of course, given that it's herding cats.

Also, JohnSane, do you realize that that the wealthiest 1% of the nation now earn 20% of the nation's total, up from 8% in 1980? And if your macroeconomic argument for that is it trickles down, sorry, but real median income in this country has not risen at all since the mid-1970s. Result: Debt-fueled consumption, and the worst downturn since the Great Depression. My point isn't political but economic. How can you have sustainable growth without a middle class? The answer is you can't.

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Re:Obama\'s tax proposal: death on tech?

Posted by ksalno - 2009/05/07 18:47

This tax proposal will destroy high skill, high paying jobs in the US. For example, any company that does a large percentage of its business outside of the US will be taxed twice on its profits, once in the home country and again in the US. This will have the immediate effect of lowering the company's earnings and its share price. That will make the US-based company an attractive take-over target for any foreign-based firm, because they will get an immediate earnings improvement just by changing the tax rate. Add to that the "synergy" savings and Wall Street will be lining up to fund these deals. The US headquarters will be shuttered and the jobs either eliminated or moved overseas, putting many highly paid (and high tax paying) individuals out of work.

This is not about outsourcing commodity skills to India, this is about destroying what remains of the high skill jobs in the US. With all those former Goldman traders running around in Washington these days, you would think someone could think these proposals all the way through before they start talking about them publically.

Mark my words, this tax proposal will become known as the American Jobs Destruction Act when people in the future

look back at what is going on now.

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/08 08:35

Karl -- Worrisome stuff, particularly coming from the CIO of a Fortune 500 company.

Based on other posts here, I'm starting to think that the Obama proposal is going to be used as a bargaining chip to wring other concessions from businesses. Sounds like health-care reform tops the list. Having to pay higher taxes on cross-border revenues would be a big hit to tech companies. But it seems to me that American technology companies are at an even greater disadvantage competing against foreign corporations that don't have to provide medical bennies to workers (because the health-care tab is picked up government entities). But that's probably another blog thread.

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2009/05/08 08:55

RE: Tantivy -

This tax measure will end up hurting the very middle class you say it will benefit. The job loss will be on the middle class. When companies are taxed twice on their earnings, who do you think it will affect the most? The CIO? The CEO? The CFO? Or, more likely, the administrative assistant, the customer service manager, the maintenance worker.

There are plenty of folk in America who are not in the 1% you seem to believe are not paying their fair share. Many of these folk do better than the average worker and they are already saying it doesn't pay to work hard / start a business of your own / build a company of substance / save for retirement. Without these people, new, innovative companies would not exist. They are bright enough to know the ramifications of what such measures mean... the death of entrepreneurism, which, in turn, equals the death of the middle class. Who do you think will end up paying the taxes and covering off on all of these federal spending programs? The burden will fall on the middle class of this nation. That's how our nation operates. You can talk about tax reform all you want, but the bottom line is... the average person is fed-up with having to bailout people / companies who should be going bankrupt right now. The middle class are the ones being punished for having lived fiscally responsible lives.

Also, Tantivy, why should profitable American businesses be penalized for doing well at home and abroad? When they are taxed this way, what level of worker do you think will pay the price? Make no mistake, Mr. Salnoske has it correct, this regulatory time period and this legislation will become known as the American Jobs Destruction Act of 2009. What legacy are we handing our children?

China is already sending it's group of 400 business men over to American to buy up all the assets they can on the cheap! Wake up and smell the coffee. Good companies, technology companies in particular, will be sucked up by government subsidized foreign entities. Jobs will be shipped overseas and America will be left wanting. This is not what the Greatest Generation suffered to protect, it is not what the Baby Boom Generation wants for their children. The middle class is where a majority of the taxes are paid. If the middle class doesn't have a job to go to, how do they pay taxes?

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/08 10:36

This analysis has so many flaws it's hard to know where to begin.

Start with "... companies taxed twice on their earnings." No, closing the loopholes would make sure they're taxed once on their earnings, instead of not at all.

Then there's the comment about people who aren't in the top 1%: "Many of these folk do better than the average worker."

Well, yes. By definition, 50% of them do better than the average worker and 50% do worse. What of it?

"... they are already saying it doesn't pay to work hard / start a business of your own / build a company of substance / save for retirement." Only on Fox News are "they" saying this. It's true that too many Baby Boomers have failed to save enough for retirement. It's also true that this is a complete nonsequitur.

"...the death of entrepreneurism." Speaking as an entrepreneur, let me assure you that having giant multinationals ... the opposite of entrepreneurship ... pay a fair tax share instead of paying lobbyists to prevent it won't reduce my entrepreneurship in the slightest. Quite the opposite: I don't have access to offshore tax havens so I have to pay more than my share to compensate.

"... why should profitable American businesses be penalized for doing well at home and abroad?" I'm tired of hearing taxes characterized as a penalty. They're the price of running a society.

"Jobs will be shipped overseas." I'm pretty sure millions of jobs have been shipped overseas with all the loopholes intact. It's called "offshoring" and it's quite popular.

I read over and over again that the only appropriate tax rate is "less." Personally, I like having roads, bridges, sewage treatment plants, law enforcement, fire departments, courts, armed forces, medical and scientific research, affordable education, basic "social safety nets" and the other paraphernalia of a civilized society.

Businesses benefit from their presence. Big businesses benefit disproportionately from their presence.

Is asking them to pay something toward their maintenance really such an awful thought, especially when you figure who will have to pay for them if business contributions drop to zero?

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Re:Obama\'s tax proposal: death on tech?

Posted by ronkost - 2009/05/08 11:15

RDLewis, you obviously live in some kind of velvet getto and are out of touch with what is happening in the heartland of America. If you took a trip to say Flint Michigan and the surrounding areas, I think you'd find average people there are sick and tired of your kind of circular logic regarding "Big Business." I'm certain your in favor of taxing such folk at over 50%. There are plenty of normal people working for Big Business who will be harmed directly by greater taxes, be it on individuals or companies. Asking "Business; especially Big Business" to pay the price of an ever greater tax rate to keep the infrastructure of America is just banging the same old tired liberal drum. And I'm certain you feel confident the government knows just how wisely allocate such funds and not waste them, right? Gimme a break pal.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/08 11:42

Velvet ghetto? Not hardly. And are you really claiming the reason GM and Chrysler are in the tank is that they were over-taxed?

I don't think so. They were led by execs who did live in "velvet ghettos" and who couldn't figure out what matters in business, which is the importance of building products people want to buy. As evidence: In 2008, only four auto manufacturers lost marketshare in the U.S.: GM, Ford, Chrysler, and Jaguar (which went from miniscule to more miniscule).

Taxes didn't cause consumers to consider their cars to be not worth buying. Bad design did.

And while I cringe at the awfulness of being called a "liberal," I think the "average people" you claim to speak for have figured out that it isn't the "old tired liberal drum" that brought the U.S. to the brink of economic collapse. It was the genius of private enterprise, unfettered by government regulation.

But rather than be argumentative, I have two questions for you:

1. What percent of GDP do you think is the proper level of federal tax revenue?

2. Who do you think should pay it?

As I said in my last post, the only concrete idea I read from conservatives regarding the proper tax rate is "less," which isn't really a constructive approach to the subject.

Oh ... a third question occurs to me: Does your concern that the federal government is entirely incompetent and must remain so extend to the armed forces? Or is there some magical force that makes this one branch of the federal government effective, but that can't be applied to any other federal agency?

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/08 12:34

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RDL -- Just out of curiosity, do small businesses like the ones you've launched receive special tax breaks? Or is it just the opposite? I know you can accelerate the depreciation on some capital equipment, but are there any other deductions geared specifically for SMBs that you find helpful?

If not, what could the Obama administration/Congress do to help entrepreneurs like yourself?

I have a whole lot of admiration for folks who start their own businesses--particularly technology companies--so I'm interested in your thoughts on this.

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Re:Obama\'s tax proposal: death on tech?

Posted by ksalno - 2009/05/08 12:37

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RDLewis, I think you're missing my point. No one is saying the businesses shouldn't be taxed or pay their fair share. What I am saying is that a tax policy that is designed to increase taxes on only those businesses with a large amount of revenue in foreign countries is not only unfair, it will create a situation that will result in even more job losses.

Every country in the world charges taxes for income that is earned within the country, so these firms are already paying taxes outside of the US. If the US now also taxes this income, then the companies indeed will be taxed twice on the revenue. And since the US is the only country that will have this double taxation, US-based companies will not only have a competitive disadvantage, there will be a huge incentive for foreign companies to buy out the American firms in order to eliminate this double tax hit.

As we have already seen in many industries, when a foreign based firm buys a US company, many good, high paying US jobs are cut or moved overseas. This is not about outsourcing or offshoring, it is about job elimination.

I understand that the government needs to increase their revenue to pay for all of the bailouts and stimulus programs they are putting in place. Put if they try to do this using an unbalanced policy that increases taxes on some businesses but not on others, they will only result in destroying jobs and creating even a longer recession.

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Re:Obama\'s tax proposal: death on tech?

Posted by tantivy - 2009/05/08 13:00

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A simple question for you supply siders out there: If high taxes are the problem you say they are, how come job growth was so much higher under Clinton, who raised taxes to close the deficit, than under Bush, who cut them to open it again? I would remind you that job creation under Bush was the lowest of any economic recovery since the 1930s. You can look it up.

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Re:Obama\'s tax proposal: death on tech?

Posted by tantivy - 2009/05/08 13:17

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Ron K: Do you really believe the interstate highway system, Hoover Dam, Lincoln and Holland Tunnels, and, come to think of it, the internet, were a serious misallocation of capital?

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Re:Obama\'s tax proposal: death on tech?

Posted by ronkost - 2009/05/08 14:18

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Tantivy, while I respect that the US government has had a few accomplishments along the way, and I agree the US is a great place to live. Still, you fail to see my point.

I'm suggesting we are living in a time where the government needs to keep US business strong (by charging more taxes to the successful companies you limit them on the number of jobs they can create). By the way, the programs you list are circa 1940 - 1950s versus current time. Looking more recently what can you point to which would support your belief in big government funded projects?

Let's just forget the $640 toilet seat for the military, or the $3350 PDA for the NSA, let's take a look at a few items you forgot to mention...

As sited in a report by Brian M. Riedl
April 4, 2005
Top 10 Examples of Government Waste

1. The Missing $25 Billion

Buried in the Department of the Treasuryâ€™s 2003 Financial Report of the United States Government is a short section titled â€œUnreconciled Transactions Affecting the Change in Net Position,â€• which explains that these unreconciled transactions totaled $24.5 billion in 2003.

The unreconciled transactions are funds for which auditors cannot account: The government knows that $25 billion was spent by someone, somewhere, on something, but auditors do not know who spent it, where it was spent, or on what it was spent. Blaming these unreconciled transactions on the failure of federal agencies to report their expenditures adequately, the Treasury report conÂ-cludes that locating the money is â€œa priority.â€•

The unreconciled $25 billion could have funded the entire Department of Justice for an entire year.

2. Unused Flight Tickets Totaling $100 Million

A recent audit revealed that between 1997 and 2003, the Defense Department purchased and then left unused approximately 270,000 commercial airline tickets at a total cost of $100 million. Even worse, the Pentagon never bothered to get a refund for these fully refundable tickets. The GAO blamed a system that relied on department personnel to notify the travel office when purchased tickets went unused.

Auditors also found 27,000 transactions between 2001 and 2002 in which the Pentagon paid twice for the same ticket. The department would purchase the ticket directly and then inexÂ-plicably reimburse the employee for the cost of the ticket. (In one case, an employee who allegedly made seven false claims for airline tickets professed not to have noticed that $9,700 was deposited into his/her account). These additional transactions cost taxpayers $8 million.

This $108 million could have purchased seven Blackhawk helicopters, 17 M1 Abrams tanks, or a large supply of additional body armor for U.S. troops in Afghanistan and Iraq.

3. Embezzled Funds at the Department of Agriculture

Federal employee credit card programs were designed to save money. Rather than weaving through a lengthy procurement process to acquire basic supplies, federal employees could purchase job-related products with credit cards that would be paid by their agency. What began as a smart way to streamline government has since been corrupted by some federal employees who have abused the public trust.

A recent audit revealed that employees of the Department of Agriculture (USDA) diverted milÂ-lions of dollars to personal purchases through their government-issued credit cards. Sampling 300 employeesâ€™ purchases over six months, investigators estimated that 15 percent abused their government credit cards at a cost of $5.8 million. Taxpayer-funded purchases included Ozzy Osbourne concert tickets, tattoos, lingerie, bartender school tuition, car payments, and cash advances.

The USDA has pledged a thorough investigation, but it will have a huge task: 55,000 USDA credit cards are in

circulation, including 1,549 that are still held by people who no longer work at the USDA.

4. Credit Card Abuse at the Department of Defense

The Defense Department has uncovered its own credit card scandal. Over one recent 18-month period, Air Force and Navy personnel used governÂ-ment-funded credit cards to charge at least $102,400 for admission to entertainment events, $48,250 for gambling, $69,300 for cruises, and $73,950 for exotic dance clubs and prostitutes...

And the list just continues...

If you want to view the report see:
http://www.heritage.org/research/budget/bg1840.cfm

Too much excess all the way around. Tech companies (and companies in general) who are successful, need to be supported at home and abroad. Taxing them is not the solution.

Taxing and spending our way out of this current situation is not the answer. Republicans and Democrats, alike, are to blame and we should look to find a solution that doesn't take it out on the middle class working person, or the businesses at which they work.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/09 19:42

Tax breaks? Very funny. I like a guy with a sense of humor!

To answer the broader question, an investment advisor once told me I should never make an investment decision based on tax consequences - an investment is either good or bad on its own; the taxes are a distraction.

When I've ignored that advice, I've generally regretted it.

So for my business, at least (consulting) I don't want any favors. All I want is for my competitors to not receive any.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/09 19:50

Missing the point? No, I don't think so. Here's what I think you're missing.

You said, "Every country in the world charges taxes for income that is earned within the country, so these firms are already paying taxes outside of the US. If the US now also taxes this income, then the companies indeed will be taxed twice on the revenue."

If that was accurate, I'd be taking the opposite side of this discussion. As it is, there are countries that don't charge income tax on business income - the Caymans are an example.

Here's how it's been explained to me: A company opens a subsidiary in, say, China, to manufacture goods sold in the U.S. Depending on exactly how you do the accounting, it would owe tax in China, the U.S., or both.

So the company opens another subsidiary in the Caymans, and funds it with U.S. dollars. That subsidiary loans money to the Chinese subsidiary, which uses its income to pay off the loan. The actual income is realized in the Caymans, where it isn't taxed.

As I've been saying in my posts, the goal is to tax income that's been sheltered from all taxes, not to double-tax anything.

Getting it right won't be easy. That doesn't make the attempt a bad idea.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/05/09 20:04

Two points I just can't let pass:

1. The Internet wasn't a product of the 1950s and earlier. So far as more recent accomplishments, if you're serious, you might consider medical innovations such as MRI technology and HIV treatments, everything the CDC does, all the standards maintained by NIST, GPS, the dramatic reduction in environmental pollutants that has taken place since creation of the EPA ...

We live in an incredibly complex society. Much of the griping about the federal government is a direct result of being unaware of the extent to which government stabilizes and manages the huge number of "commons" which would otherwise go haywire.

2. Taxes don't limit the number of jobs businesses can create. In fact, taxes have no impact at all on the number of jobs businesses create, for two reasons:

The first is that businesses - well-run ones at least - create exactly the number of jobs needed to satisfy current and anticipated demand, plus what's needed to create future demand. Businesses don't hire based on their profits.

And, taxes are charged after labor expenses are deducted, not before - businesses don't allocate profit between labor and tax expenses.

Lest you think I'm ignoring your points about government waste, I have to point out that these all took place during an administration that ran on a platform of believing in the incompetence of government, and then insisted on extending it once it took office.

Businesses with incompetent leadership experience similar levels of waste.

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Re:Obama\'s tax proposal: death on tech?

Posted by ronkost - 2009/05/11 08:56

RDLewis,
1. Everyone knows the Internet wasn't created by the government... Al Gore created it!

2. To the contrary! Taxes can and do limit job growth. Studies have proven it. When taxes begin being used as transfer payments, incentives to work, save and invest are reduced, which affects the nation's economic progress. High marginal tax rates cause people to work fewer hours, take longer vacations, and shelter their income to evade tax collection. High taxes encourage individuals to divert resources from their most productive uses to those uses which will lower their tax burden.

In any economy, especially one like this, there is an optimal tax rate (the percentage of GDP that comes from taxes) which will ensure maximum economic growth; if the tax burden exceeds that level, economic growth will slow.

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Re:Obama\'s tax proposal: death on tech?

Posted by davidfcarr - 2009/05/11 14:42

The real question is whether the current tax code creates perverse incentives, creating advantages for companies that shift jobs and economic activity overseas when we could be keeping more of that wealth in the U.S. If a tax change intended to stop jobs from going overseas instead results in those jobs disappearing entirely, or the employers themselves going away, then it will be judged a failure.

Enacting a new system that is actually an improvement will be the trickiest part. The law of unintended consequences often seems to be one of the most fundamental laws of how the world works.

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Re:Obama\'s tax proposal: death on tech?

Posted by ksalno - 2009/05/11 16:59

Does anyone really think that double taxing the income that IBM, Intel, and Microsoft make overseas is going to bring jobs back to the US? Remember, income is revenue minus expenses. They certainly aren't going to reduce their revenue. Bringing foreign based jobs back to the US will reduce their expenses in those countries, increasing their income and thereby increasing their US double tax even more.

Any company with a decent CFO will always attempt to minimize their tax rate, this is their fiduciary duty to their shareholders. Under this proposal there are only two options to minimize taxes - one is to be bought by a foreign company so you get out of the US tax regulations altogether and the other is to shift more jobs and expenses overseas to reduce your foreign income so you pay a lower double tax in the US.

I don't see how either of these options will generate US jobs.

This whole proposal is not about jobs at all, it is really about raising taxes to pay for the $2T in deficit spending. Clearly we have to raise revenue given this huge imbalance. I am only suggesting we think about a more even handed way of doing it that doesn't penalize the very companies that are helping with our imbalance of trade by exporting and doing significant business outside of the US.

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/12 08:36

Since this forum thread seems to have touched a nerve, was wondering if anyone has any solutions? Leaving the tax deferral rule in place is the obvious one. But is there another, more creative approach to this?

Still believe the Administration's proposal is just a bargaining chip.

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/05/13 11:05

Did you see this article yesterday? Talks about how the business community plans to combat Pres. Obama's foreign tax plan. Interesting read.

How businesses will wage war on Obama tax plan

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/06/15 14:08

Looks like the IT industry is mobilizing to fight Pres. Obama's foreign subsidiary tax proposal.

Read the story below. Not sure that Shapiro, ex-Clinton Administration and now hired gun for the Technology CEO Council, makes a very compelling case.

http://www.reuters.com/article/regulatoryNewsTechMediaTelco/idUSN0528604320090608

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2009/06/15 15:49

Interesting. I heard a guy talking not long ago about this subject. He identified himself as a business owner who manufactures goods in the U.S. for sale abroad.

His point: He pays a higher tax rate because he manufactures (and employs) in the U.S. than his multinational competitors. He likes the Obama plan because it levels the tax playing field, and takes away his incentive to move the jobs overseas.

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Re:Obama\'s tax proposal: death on tech?

Posted by ksalno - 2009/06/15 16:09

It's not just about jobs. In some countries, if you want a license to do business, they require you to establish a manufacturing presence in the country. In other cases, the product supply, manufacturing, or logistics make it cost prohibitive to manufacture in another company and ship in. Is it fair to penalize those companies for expanding their markets by taxing them twice?

BTW, why is it that countries like Puerto Rico, Singapore, and Ireland can devise tax strategies to encourage investment in manufacturing jobs their countries while the US has to use tax penalties to try to keep jobs?

Let's face it, this proposal is just a way of raising additional tax revenue and really has nothing to do with protecting or generating jobs.

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Re:Obama\'s tax proposal: death on tech?

Posted by RedConn - 2009/06/16 11:04

Didn't Puerto Rico institute many of these tax incentives because of the IRS's phase out of the Section 936 tax holiday for U.S. companies doing business there?

Numbers I've seen suggest that U.S. pharmaceuticals bailed on Puerto Rico once the 936 tax break was repealed. That would seem to be one of the risks with seeking out cheaper tax domiciles. If the tax advantage disappears, you're stuck with legacy assets.

Wonder if we'll see a similar scenario--U.S. businesss closing down cross-border operations--if the Obama tax proposal is passed?

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Re:Obama\'s tax proposal: death on tech?

Posted by searley - 2009/07/10 12:11

The Obama proposal as stated in the article is as follows

"Companies can take deductions on expenses linked to income earned abroad immediately though. Obama wants to require companies to delay deductions until the foreign income is claimed."

So what is the logic against the proposal - companies will make less net wise and therefore have to layoff US workers?

It only seems logical to me that the deduction should be linked to the repatriation of the profits.

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Re:Obama\'s tax proposal: death on tech?

Posted by ronkost - 2009/09/01 12:46

Stephen, your arguement is logical if the company isn't planning to do anything else with those funds. Like say, reinvest in the company, pay dividends to the stock holders, bring on new workers, etc. If companies feel that income will be taxed at home and abroad then the delay of any such deductions appears like a double tax to me. Time will tell I suppose.

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Re:Obama\'s tax proposal: death on tech?
Posted by JohnSane - 2009/12/21 16:08

Time is already telling Mr. Kost, just 3 short months after you wrote the above. Mr. Obama's economic program is failing. Sure the Dow is up, but look at the dollar tanking! His entire economic program smacks of "Re-Gifting Economics." He is going to go back to TARP to Re-gift that into a new stimulus program out to the public (how about you leave that money where you found it - with the public). He is going to go back and keep the death tax at an all time high, he is going to go in and tax successful IT companies and "re-gift" that to his pet programs of Health and bigger government. Trust me when I tell you I've seen this tax and spend government before.

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Re:Obama\'s tax proposal: death on tech?
Posted by RDLewis - 2009/12/21 16:37

Reminder: One year ago the economy was teetering on the brink of depression. Second-guessing is easy. Pointing out the what's wrong with the situation we're in is easy.

Coming up with a better alternative? A bit more difficult. And if you think the economy avoided a depression on its own ... I doubt there's any evidence or logic you'd find convincing.

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Re:Obama\'s tax proposal: death on tech?
Posted by JohnSane - 2009/12/22 12:20

Systemic endemic solutions do exist within the structure of the economy, the cycles exist within the systems at work currently. The economy will continue to "avoid a depression on its own" since the economy has built in boom bust cycles. Many others have observed this. In one such example; a blog by Bob Swick (A gentleman who teaches economics and has a Masters of Science in Economics), he goes on to observe...
Monday, December 01, 2008
Why The Economy Can Correct Itself - Without Government....
Our economy can correct itself without chronic government bailouts. It can be done through a variety of means. Our government frenzy of throwing $6.3 trillion dollars in bailout money at our economy will have long reaching effects on our national debt and our ability to borrow money. It is political, short sighted, and inefficient. And ultimately taxpayers will be paying for the political gains of our economically illiterate Congress.

I couldn't agree more than with Mr. Swick.

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Re:Obama\'s tax proposal: death on tech?
Posted by RDLewis - 2009/12/24 16:36

You're citing a guy because he has a master's degree? And teaches? Holy smokes, talk about credentials ...

If it matters, the most recent edition of the Economist, a publication that's generally not a fan of government intervention in the markets (and one that's widely respected by professional economists), gives the governments of the world, including that of the United States, full credit for staving off an economic depression.

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Re:Obama\'s tax proposal: death on tech?
Posted by ronkost - 2010/01/18 13:08

I believe it was also in the Economist Prediction isssue, The World in 2010 where Robert Guest said:

"President Barack Obama wants to raise taxes to ease Americaâ€™s budget deficit, but he has promised to soak only the rich. He will wait until after the mid-term elections in November 2010 to break this promise. If American growth stays

slow, the public debt burden will become unsustainable and inflation will revive."

Not certain trading recession for inflation is exactly what the boys in the Fed had in mind when taking the action they took the last couple of years?

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Re:Obama\'s tax proposal: death on tech?

Posted by jimfinnan97 - 2010/01/22 08:41

I do think the tax and spend policies are bad for both technology and the economy. But the Obama socialist agenda is far worse. How can wealth distribution possibly be good for the economy and specifically technology investments?

Now he wants to redistribute bank wealth - that will simply further reduce the ability of banks to lend to tech companies. For those of you that voted for him, are you happy now??

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/01/22 09:50

This is tiresome.

1. Tax and spend. That's how government works. Do you also complain about "sell and spend" business leaders?

How about this: Instead of arguing that the right level of taxation is "less," suggest what the right level is, keeping in mind that since WWII, the federal budget as percent of GDP has been more or less constant.

2. "Wealth distribution" - does this even mean anything? It's just a phrase intended to inflame the ignorant. Go join a Tea Party.

The U.S. has had a progressive tax policy since at least the end of WWII, when, by the way, the tax rate was double its current level. The theory: If you enjoy more of the benefits of our society you should invest more in its maintenance.

3. "Redistribute bank wealth" - What? The plan is to get us out of too-big-to-fail mode. There's no redistribution involved, only a return to maintaining a "Chinese wall" between institutions that engage in high-risk investments and those that provide banking services.

If you didn't notice, a year ago our choice was between worldwide economic collapse and pouring a lot of money into bankrupt financial giants to prop them up. Want to go through that again?

To answer your final question: I don't agree with everything Obama and company have done. Not by a long shot.

I am, however, delighted to have grown-ups in charge again. And I'm sick to death of meaningless drivel and content-free catch-phrases replacing useful policy debate.

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Re:Obama\'s tax proposal: death on tech?

Posted by searley - 2010/01/22 13:50

Well, one can say there is very little policy to come out of the Obama Admin and much more fallacy. But to keep in line with this thread, The undeniable truth is cost containment is a no brainer for government. While I hate this logic for business it is undeniable for government. We can save so much waste by spending on technology in the government space. If we were to abandon the entire health care package and concentrate on developing a system to detect and eliminate fraud, we could save an approximate 60 billion dollars. I hate to be 'Big Brotherish" but can you imagine what the IRS could do with intelligent computers.

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Re:Obama\'s tax proposal: death on tech?

Posted by pgalen - 2010/03/25 08:36

Agreed, the IRS could track predictive behavior, illegal deductions, etc..

The talk of more tax, now in the healthcare space is really getting old.

We can not keep on giving away the U.S. financial future to the have nots. They should earn it. Anyone can give away the store. The challenge is to get people to work so they can buy it not receive a hand out from the working class.

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Re:Obama\'s tax proposal: death on tech?

Posted by ronkost - 2010/07/15 11:05

I do tend to agree that little policy has come from the Obama administration that will help the economy grow. And in keeping with this thread; I do wonder how big tech will do when it comes to new job creation in the coming months. The general just of the thread seems to suggest with the advent of more taxes, big companies will be hampered in their ability to create new jobs (RDLewis excluded). If we are to lean on small business to create new jobs, I just don't see it happening right now. Someone will need to pick up the slack when it comes to new job creation in the US to help avoid a double dip. Afterall, the census is now over and many of those folks working for the Government will now be joining the ranks of the unemployed. One has to wonder if Obama will stay the course he has set out on, or if he will modify his position.

Not that he really cares, but if you look at President Obama's approval ratings, they seem to be on the decline...
Overall, 45% of voters say they at least somewhat approve of the president's performance. Fifty-four percent (54%) disapprove. The Rasmussen Reports Media Meter shows that media coverage of President Obama has been 47% positive over the past week.
Which is down from a high of 60%. Further, Dan Balz and Jon Cohen of the Washington Post pointed out this Tuesday, July 13, 2010...

Public confidence in President Obama has hit a new low, according to the latest Washington Post-ABC News poll. Four months before midterm elections that will define the second half of his term, nearly six in 10 voters say they lack faith in the president to make the right decisions for the country, and a clear majority once again disapproves of how he is dealing with the economy.

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Re:Obama\'s tax proposal: death on tech?

Posted by searley - 2010/07/15 13:16

Seems like all poll numbers tend to gravitate around the 50% mark midterm. He has no super news right now to drive him up but news may come around by re-election time. Actually - based on some of the quotes I hear reported on him - it does not sound like he is enjoying the job very much and might not seek re-election. I am super in favor of supporting small business and think venture capitalists should get almost no cap gain tax. Its the big caps that bleed the middle class, stifle competition, and return little to the domestic workforce. I don't object to taxing their profits or tax cap gains on the turnover of shares that don't really create any new investment dollars.

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Re:Obama\'s tax proposal: death on tech?

Posted by petesim - 2010/07/28 06:56

They do seem more interested in raising taxes and regulating the behavior of companies then in job creation, especially in the IT sector. I have always believed it is difficult to regulate what you do not understand.

==========

Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2010/10/20 15:22

Now that we seem to be double dipping and the economy is not nearly as robust as Obama wants I'm interesting in seeing if RD Lewis is as enthusiastic as he once was? See also the previous entry by Karl Salnoske suggesting how the situation would play out...
http://www.ciozone.com/index.php?option=com_fireboard&Itemid=34&func=view&id=875&catid=98&limit=6&limitstart=18
He was on the mark!

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/10/20 16:12

JohnSane ... Trolling are we?

Not sure what enthusiasm I've displayed in this discussion. Perhaps it was when I said I'm delighted to have grown-ups in charge again.

Or perhaps it was when I explained that I'm delighted the governments of the world took the actions necessary to prevent a worldwide economic depression.

You appear to be hinting that the Obama administration's policies are preventing an economic recovery. If only that were true. If it were, a recovery would be easy to make happen. Sadly, it's true only in the eyes of Fox News commentators, who have proven they'll say anything so long as it demeans (1) Obama; (2) Democrats in general; (3) government; or (4) everyone who earns less than the national average, whether or not what they say has any slight basis in evidence and logic.

You might have noticed that these policies that are preventing a recovery haven't prevented American businesses from chalking up a record year for earnings, nor have they prevented the Dow from climbing 4,500 points in two years.

What's missing are jobs. They're missing because American business is sitting on a $2 trillion pile of cash. It isn't using this cash to create jobs because there isn't enough demand to warrant it. Were we to (for example) cut corporate taxes to increase profits further, the result would be a bigger pile of cash, not more jobs, because cutting corporate taxes won't increase demand either.

Am I enthusiastic? I'm living in a thoroughly polarized nation in which my choices appear to be between one party that engages in endless, often detestable propaganda, and another that won't even take its own side in an argument ... probably because it doesn't know what "its own side" even means (and when it does, it "argues" by resorting to interpretive dance).

What's not to be enthusiastic about?

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Re:Obama\'s tax proposal: death on tech?

Posted by petesim - 2010/10/21 09:29

RD Lewis, when I was a boy I enjoyed flipping baseball cards with the other boys at school to enrich my collection, while trying at the same time to win the pile. I WORKED hard at perfecting the technique that would yield a positive outcome.

If a teacher or administrator were to come by and confiscate all of the cards and give back those cards to the loser that were lost in the game then all incentives would have been lost and another activity would have been pursued.

History has proven that Marxism is not a sustainable model on which to build a thriving economy let alone a country.

If you really think for one minute that this country is on a better course because of the policies of this administration and congress then you really are delusional.

I respect your right to be a liberal and vote for your candidate of choice but if you want to remove all incentives and the spirit of entrepreneurism then you should move to France and join the union battle in the streets.. they can use your help..

Fox is not the problem, unbiased media is..

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/10/21 09:41

Petesim, let me express my profound appreciation for your reinforcing every one of my pre-existing biases about the Republican side of our current political dialog.

In one post you demonstrated a near-perfect inability to read for comprehension, reliance on ad hominem logic, a preference for storytelling over events as they actually happened, and redefinition of words (liberal) to suit rhetorical purposes at the expense of intellectual integrity.

Well done!

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2010/10/21 10:27

RD forget Fox News, take a look at your beloved New York Times front page of the Business section today... "As Dollar's Value Falls, Currency Conflicts Rise," By GRAHAM BOWLEY. Are you saying it is good to embrace a weak dollar? Come on, you can see what is happening in America and the rest of the world (America divided every country for themselves), there is no real leadership right now and the rest of the world can see it for what it is... why can't you?

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/10/21 10:40

JohnSane ... think about the number of unfounded assumptions in your post. I'm guessing you think in tribal terms, and so of course you assume I think in tribal terms as well.

Not being a member of your tribe doesn't mean I'm automatically a member of "the other" tribe.

It does mean I don't have to suffer from self-induced amnesia when assessing how we got into this mess and how to get out of it.

If you have actual interest in my political leanings, instead of simply assuming I must be a liberal because I don't hate all things Obama (or worse, defining liberal to mean Anyone who doesn't hate all things Obama), read here: http://www.weblog.keepthejointrunning.com/?p=2516 .

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2010/10/21 11:17

RD - Funny you should mention the term "tribe." There was also an article (an obituary) in the NYTimes about Johnny Weissmuller's co-star - Johnny Sheffield. You got it. "Uhg,Umgowa, Bowana Baby!"

You know, it comes down to a couple of simple questions as it relates to this topic...

Are American Technology Companies doing better or worse since Obama took office? And can their accomplishments nationally and internationally be ascribed to his leadership? If you go by the results of the poll on this site, I would suggest you support a lost cause.

Call me Tarzan!

http://www.ciozone.com/images/tarzan.jpg

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/10/21 11:50

JohnSane ... Since Obama took office? Really? You can't remember back to what was happening toward the end of the previous administration, when the world was teetering on the edge of a global economic depression?

Not that facts will make any difference in this discussion, but what the heck -- I never could resist a lost cause. Here are some technology company share price comparisons (approximate) from when Obama took office to the present:

IBM: $85 to $140
Oracle: $16.50 to $20
Intel: $13.75 to $19
Apple: $150 to $315
Novell: $4 to $6
Microsoft: $23 to $25

What can I say? Even Obama couldn't completely overcome Ballmer. Other than that ... sure is a damn shame how these companies are suffering under the Obama administration.

As to the poll on this site ... what? Are you completely ignorant of what's required for reliable polling ... little details like carefully randomized sampling and equally careful phrasing to avoid accidental "push polling"?

Not to mention the false conclusion you'd be reaching by citing even a well-constructed poll. Polls report what people believe. They provide no guidance as to the actual situation. Don't believe me? Look at the polls as to how many Americans accept the Theory of Evolution by Natural Selection.

Here's the problem with your "logic": If tech companies had done worse you'd blame Obama. He isn't, after all, a member of your tribe. As they're doing well, you instead will say it's in spite of Obama.

Meanwhile, the U.S. economy literally flatlined during the previous administration. I'm quite sure you have a dozen excuses to explain how that was all the fault of liberals.

In your eyes your tribe is always right, because ... it's your tribe, that's why.

==========

Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2010/10/21 12:10

Hey RD, it is a function of your "so called" recovery, and not of my "tribe affiliations / opinions" that matters most here.

Even on the sister site to this one, there is a blog high-lighting the very notion that companies are feeling the pinch right now. And as Nick Lord - blogger on CFOZone - points out... big companies are able to hide the pain better than small companies (paraphrased from his blog entry on CFOZone - http://www.cfozone.com/index.php?option=com_myblog&Itemid=626&show=Gloomy-outlook-for-small-businesses.html)

So you point to short lived stock market gains all you'd like. The basic foundation of this economic recovery is what is messed up ("Let's just print some more money and everyone will feel more wealthy)." I'll go the high road and avoid pointing out your ignorance, and perhaps worse your arrogance. Small companies are the engine to any economic recovery, and they are hurting right now.

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/10/21 13:22

Of course the recovery is fragile. American business is sitting on $2 trillion in cash instead of using it to create jobs.

Which is the right course of action when there's no demand to cause them to hire. It does, however, mean that the only tax change that might stimulate employment would be a reduction in the payroll tax. But that would destabilize Social

Security. (A reduction in the corporate income tax would merely add to the cash pile.)

Which leads to the logic for government-funded economic stimulus ... to break the logjam. The logic against is that it adds to the deficit.

Pick your poison. Just recognize that every alternative involves trade-offs, and that there are no simple solutions.

Sort of like running IT.

Here's what I don't get: You asked how American tech companies are faring under the Obama administration. I answered your question. Your response: "So you point to short lived stock market gains all you'd like."

If you didn't want the answer, you shouldn't have asked the question.

But thank you for taking the high road.

Oh, wait. You didn't. You acted like a lout.

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2010/10/21 13:34

RD -
If you don't like the fact small business is suffering under an administration which fails to recognize their importance to our economy, don't name call. Lout (?), I guess that is fair since I said call me "Tarzan." You're a Luddite. Uhg, Umgowa, Bowanna!

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2010/10/21 13:46

Okay, John. We're going nowhere. You get the last word.

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Re:Obama\'s tax proposal: death on tech?

Posted by searley - 2010/11/15 18:22

Entertaining banter guys, but growth will have to come from where it always has come, free enterprise. One of the great things about this country is that we have prospered in spite of government. Let us all go about our business and try not to lay the blame on any particular party but instead create our future. Capitalism will lead us out of this recession.

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Re:Obama\'s tax proposal: death on tech?

Posted by pgalen - 2010/12/31 12:04

The 2% payroll Social Security tax reduction should help stimulate spending a bit, especially on consumer electronics.

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Re:Obama\'s tax proposal: death on tech?

Posted by srw134 - 2010/12/31 21:51

That is the general idea, but I am unsure of these short term reductions will be noticed by anyone. Keep in mind the tax cuts which happened for the middle class under Obama all were implemented in this way and many people didn't even notice.

-sean

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2011/04/27 14:44

After just watching the Bernanke press conf. and seeing Geithner show the other day, I'd say Sean, you're right. Nothing substantive can be pinned on the near term. In point of fact Bernanke was very clear about managing to the mid term. This administration is looking more and more like a one term administration and if the new administration is smart they will dump Bernanke at the first chance.

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Re:Obama\'s tax proposal: death on tech?

Posted by scarr - 2011/06/07 10:44

Looking back at this proposal when it was first introduced it now really looks ridiculous. Taxing companies, especially tech companies does nothing more than stifle innovation. Innovation is what brings the US economy out of an economic slow down. It always has and always will. So where are the incentives for companies to innovate Obama??

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Re:Obama\'s tax proposal: death on tech?

Posted by sgarrowitz - 2011/06/20 12:27

Here is something interesting from the front page of the NY Times today...
Companies Push for Tax Break on Foreign Cash - Some of the nationâ€™s largest corporations have amassed vast profits outside the country and are pressing Congress and the Obama administration for a tax break to bring the money home.

Apple has $12 billion waiting offshore, Google has $17 billion and Microsoft, $29 billion.

Under the proposal, known as a repatriation holiday, the federal income tax owed on such profits returned to the United States would fall to 5.25 percent for one year, from 35 percent. In the short term, the measure could generate tens of billions in tax revenues as companies transfer money that would otherwise remain abroad, and it could help ease the huge budget deficit.

Hello, is anyone home in this administration? Hey RD Lewis, what you think about that article? Doesn't it hit at the very heart of this discussion?

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2011/06/20 13:14

No Mr. Garrowtitz, RD Lewis (like many liberals) is still trying to figure out how Obama could turn a cold shoulder to Isreal (one of our best allies over time); let alone how he just can not seem to get his arms around the basic question put forth here in. As Mr. S. Carr pointed out, this is a silly conversation looking back. Look, Karl Salnoske, VP & CIO Schering-Plough had it correct in his observations...
"Let's face it, this proposal is just a way of raising additional tax revenue and really has nothing to do with protecting or generating jobs."

You can point to short term stock market gains all you want, but we are talking about long term preservation of wealth for this country's largest companies, and how best to secure that for the future generations of IT workers working in US companies.

So RD Lewis, what should Apple (who has $12 billion waiting offshore), Google (who is sitting on $17 billion) and Microsof (with its $29 billion offshore) do with that money? You think it could do something to help with the current economic situation we find ourselves in, No?

==========

Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2011/06/21 09:03

Here's a thought, John ... you speak for yourself, I'll speak for myself. That way, neither of us will need telepathy to play our parts.

So here's the deal on taxes, kids. Point #1: They've never been lower in living memory. Point #2: The nominal corporate rate doesn't matter all that much ... the actual average rate paid in 2009, when U.S. companies were making record profits, was less than 20%. The analyses I've read say that taking everything into account we're the fourth lowest taxed country ... corporate and individual ... in the industrialized world.

Now pay attention: If taxes are so stifling, how were these companies making record profits?

And #3: Income tax is calculated after expenses are netted from revenue. Meanwhile, companies hire to satisfy demand, not because they have enough money to hire someone (proof: U.S. companies are sitting on $2 trillion in cash ... they have plenty of money to hire people; they just don't need to, at least not here in the U.S.). Inescapable conclusion: Income tax rates have a negligible impact on employment.

The original premise of this discussion was that Obama's tax policies would be death to tech. Since that time tech stocks have soared.

But since the actual topic was "No matter what actually happens, let's find reasons to dump on Obama," minor matters like evidence don't appear to be relevant.

Oh ... one more thing. Did anyone else following this forum notice that when the Republicans took control of the House of Representatives, it only took 6 months for the economic recovery to start sputtering?

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Re:Obama\'s tax proposal: death on tech?

Posted by JohnSane - 2011/06/21 13:32

Oh, so it is some kind of "Right Wing Conspiracy" that has landed this "so called" US recovery "stuck-in-the-mud." Hey RD, can you say "Anthony Weiner?" Please!

OK let's not dump on Obama, let's dump on the fools around him, Geitner, and Bernanke and the other boobs! Face it, you can argue your macro economics all you'd like, but the bottom line is... you do not want to accept what your own liberal rags are saying about the situation as it currently exists.

RD, your favorit bird must be an osterich, since it sticks its head in the sand about as much as you seem to do. Please address the Isreal comment if you would, thanks.

I'd be really interested in your take on that?...

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Re:Obama\'s tax proposal: death on tech?

Posted by RDLewis - 2011/06/22 08:27

John, I think it's time for a CAT scan. Seriously. Between your spelling (Isreal? Osterich? Really?) and your non sequiturs, you've become quite incoherent.

* What does Anthony Weiner have to do with the success of tech companies during the Obama administration? That would be ... nothing.

* What does Obama's policy vis a vis Israel have to do with the success of U.S. tech companies? That would be ... even less.

* Where in my post did you find any hint of a claim about a right-wing conspiracy? That would be ... nowhere.

So thank you for proving my point. Rather than address the actual topic (you can't, as tech companies are doing quite well, other than Microsoft, which you really can't blame on Obama), you posted a bunch of complete irrelevancies whose only connection is "I don't like Obama and I don't like liberals."

Cogent. Very cogent. My medical advice: Cut down on the caffeine.

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